

Introduced by Senator Ducheny

February 19, 2003

An act to amend Sections 50781 and 50786 of the Health and Safety Code, relating to mobilehome parks, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 306, as introduced, Ducheny. Mobilehome parks: Mobilehome Park Purchase Fund.

(1) Existing law authorizes the Department of Housing and Community Development to make loans from the Mobilehome Park Purchase Fund to mobilehome park residents, resident organizations, to finance conversion of the parks to resident ownership or to qualified nonprofit housing sponsors and local public entities for the conversion of parks to ownership by those nonprofit sponsors or local public entities. The Mobilehome Park Purchase Fund is continuously appropriated to the department for the purpose of providing these loans and for related administrative costs.

This bill would revise the definition of “qualified nonprofit housing sponsor” to include a limited partnership where all of the general partners are nonprofit mutual or public benefit corporations.

This bill would make an appropriation by authorizing the expenditure of money in the Mobilehome Park Purchase Fund for loans to an additional category of housing sponsors.

(2) Existing law requires the department to release individual spaces in a mobilehome park from a regulatory agreement made in connection with those loans from the Mobilehome Park Purchase Fund only if they are purchased by low-income residents who occupy them.

This bill would delete the requirement that the occupants be low-income residents.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 50781 of the Health and Safety Code is
2 amended to read:

3 50781. Unless the context otherwise requires, the following
4 definitions given in this section shall control construction of this
5 chapter:

6 (a) “Affordable” means that, where feasible, low-income
7 residents should not pay more than 30 percent of their monthly
8 income for housing costs.

9 (b) “Conversion costs” includes the cost of acquiring the
10 mobilehome park, the costs of planning and processing the
11 conversion, the costs of any needed repairs or rehabilitation, and
12 any expenditures required by a governmental agency or lender for
13 the project.

14 (c) “Department” means the Department of Housing and
15 Community Development.

16 (d) “Fund” means the Mobilehome Park Purchase Fund
17 created pursuant to Section 50782.

18 (e) “Housing costs” means the total cost of owning,
19 occupying, and maintaining a mobilehome and a lot or space in a
20 mobilehome park. The department’s regulations shall specify the
21 factors included in these costs and may, for the purposes of
22 calculating affordability, establish reasonable allowances.

23 (f) “Individual interest in a mobilehome park” means any
24 interest that is fee ownership or a lesser interest that entitles the
25 holder to occupy a lot or space in a mobilehome park for a period
26 of not less than either 15 years or the life of the holder. Individual
27 interests in a mobilehome park include, but are not limited to, the
28 following:

29 (1) Ownership of a lot or space in a mobilehome park or
30 subdivision.

31 (2) A membership or shares in a stock cooperative, as defined
32 in Section 11003.2 of the Business and Professions Code, or a



1 limited equity housing cooperative, as defined in Section 33007.5
2 of this code.

3 (3) Membership in a nonprofit mutual benefit corporation that
4 owns, operates, or owns and operates the mobilehome park.

5 (g) “Low-income resident” means an individual or household
6 that is a lower income household, as defined in Section 50079.5.
7 However, personal assets shall not be considered in the calculation
8 of income, except to the extent that they actually generate income.

9 (h) “Low-income spaces” means those spaces in a
10 mobilehome park operated by a resident organization, a qualified
11 nonprofit housing sponsor, or a local public entity that are
12 occupied by low-income residents.

13 (i) “Mobilehome park” means a mobilehome park, as defined
14 in Section 18214, or a manufactured home subdivision created by
15 the conversion of a mobilehome park, as defined in Section 18214,
16 including a senior park, to resident ownership or ownership by a
17 qualified nonprofit housing sponsor or local public entity.

18 (j) “Program” means the Mobilehome Park Resident
19 Ownership Program.

20 (k) “Qualified nonprofit housing sponsor” means a nonprofit
21 public benefit corporation, as defined in Part 2 (commencing with
22 Section 5110) of Division 2 of the Corporations Code, *or a limited*
23 *partnership where all of the general partners are nonprofit mutual*
24 *or public benefit corporations*, that (1) has received its tax-exempt
25 status under Section 501(c)(3) of the Internal Revenue Code, (2)
26 is not affiliated with or controlled by a for-profit organization or
27 individual, (3) has extensive experience with the development and
28 operation of publicly subsidized affordable housing, (4) the
29 department determines is qualified by experience and capability to
30 own and operate a mobilehome park that provides housing
31 affordable to low-income households, and (5) has formal
32 arrangements for ensuring resident participation or input in the
33 management of the park that may include, but not be limited to,
34 membership on the board of directors.

35 (l) “Resident organization” means a group of mobilehome
36 park residents who have formed a nonprofit corporation,
37 cooperative corporation, or other entity or organization for the
38 purpose of acquiring the mobilehome park in which they reside
39 and converting the mobilehome park to resident ownership. The
40 membership of a resident organization shall include at least

1 two-thirds of the households residing in the mobilehome park, or
2 in each park of a combination of parks where the residents of two
3 or more parks combine to form a single resident organization. The
4 two-thirds of households in the resident organization at the time of
5 funding the park need not be the same households that were
6 residing in the park when the application for assistance was
7 submitted to the department. A household's membership in the
8 resident organization when the application was submitted to the
9 department shall not be a requirement for that household to receive
10 a loan or assistance under this chapter.

11 (m) "Resident ownership" means, depending on the context,
12 either the ownership by a resident organization of an interest in a
13 mobilehome park that entitles the resident organization to control
14 the operations of the mobilehome park for a term of no less than
15 15 years, or the ownership of individual interests in a mobilehome
16 park, or both.

17 SEC. 2. Section 50786 of the Health and Safety Code is
18 amended to read:

19 50786. (a) The department shall adopt regulations for the
20 administration and implementation of this chapter.

21 (b) The department shall obtain the best available security for
22 loans made pursuant to this chapter. The security may include a
23 note, deed of trust, assignment of lease, or other form of security
24 on real or personal property which the department determines is
25 adequate to protect the interests of the state. To the extent
26 applicable, these documents and any regulatory provisions shall be
27 recorded or referenced in a recorded document in the office of the
28 county recorder of the county in which the mobilehome park is
29 located.

30 (c) The degree of continuing regulatory control with respect to
31 park operations and resident loans exercised by the department in
32 making loans pursuant to this chapter shall be commensurate with
33 the level of financial assistance provided and in all cases shall be
34 adequate to protect the state's security interest and ensure the
35 accomplishment of the purposes of the program authorized by this
36 chapter. The regulatory requirements shall be set forth in a
37 regulatory agreement, deed of trust, or other lien, and any violation
38 of these requirements shall be considered a violation of a security
39 document. Where loans are made to a qualifying nonprofit housing
40 sponsor or local public entity, a regulatory agreement shall be



1 recorded against the mobilehome park. This regulatory agreement
2 shall contain provisions limiting occupancy, rents, and park
3 operation for the original loan term. The department may release
4 individual spaces from the regulatory agreement only if they are
5 purchased by ~~low-income~~ residents who occupy them.

6 (d) Before providing financing pursuant to this chapter, the
7 department shall require provision of, and approve, at least all of
8 the following:

9 (1) Verification at the time of application and prior to funding
10 that at least two-thirds of the households residing in the
11 mobilehome park support the plans for acquisition and conversion
12 of the park.

13 (2) Verification that either no park residents shall be
14 involuntarily displaced as a result of the park conversion or the
15 impacts of the displacement shall be mitigated as required under
16 state and local law. For purposes of this requirement, compliance
17 with Section 66427.5 of the Government Code shall be
18 conclusively presumed to have mitigated economic displacement.

19 (3) Verification that the conversion is consistent with local
20 zoning and land use requirements, other applicable state and local
21 laws, and regulations and ordinances.

22 (4) Projected costs and sources of funds for all conversion
23 activities.

24 (5) Projected operating budget for the park during and after the
25 conversion.

26 (6) A management plan for the conversion and operation of the
27 park.

28 (7) If necessary, a relocation plan for residents not participating
29 that is in compliance with Chapter 16 (commencing with Section
30 7260) of Division 7 of Title 1 of the Government Code.

31 (e) The department shall, to the greatest extent feasible, do all
32 of the following:

33 (1) Require participation by cities and counties in loan
34 applications submitted pursuant to this chapter.

35 (2) Contract with private lenders or local public entities to
36 provide program administration and to service loans made
37 pursuant to this chapter.

38 (3) Give priority to applications for resident-owned parks.

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